

### REMARKS

The Official Action indicates that the application was filed with informal drawings that are acceptable for examination purposes only in that Figures 1-9 contain improper crowded text, which may affect the clarity of the drawings when reproduced. Thus, the Official Action requires that Applicant submit drawing corrections in order to remedy the crowded text. Applicant's undersigned representative has reviewed the drawings and has found no instances of improperly crowded text as suggested by the Official Action. In this regard, Figures 10 and 11 seem to be of the same nature as Figures 1-9, but yet the Official Action does not object to Figures 10 and 11 in the same manner. Applicant's undersigned representative notes that he also wants the published drawings to be clear and, as such, would be amenable making any such corrections that are deemed necessary. From the review of the drawings, however, Applicant's undersigned representative is unsure of what, if any, feature presents improperly crowded text and, as such, does appreciate how the drawing should be revised to address the issue raised by Official Action. As such, Applicant respectfully traverses the objection to the drawings. If this objection is maintained, Applicant respectfully requests that the specific examples of the improperly crowded text be provided so that replacement drawings can be prepared and submitted to address those particular issues.

The Official Action rejected all of the pending claims, that is, Claims 58-76, under 35 U.S.C. §102(e) as being anticipated by U.S. Published Application No. 2002/0072984 to Glenn Rothman, et al. In doing so, the Official Action gave many functional recitations little patentable weight. As described below, Applicant submits that the functional recitations should be considered for purposes of patentability and, once the functional recitations are accorded their proper weight for purposes of patentability, Applicant submits that Claims 58-76 are not anticipated by the Rothman '984 published application. In light of the following remarks, Applicant therefore respectfully requests reconsideration of the present application and allowance of the pending set of claims.

In fashioning the rejection under 35 U.S.C. § 102(e), the Official Action notes that the claims contain functional language with allegedly "insufficient structural specificities to support the functions recited" such that the functional language was given little patentable weight. In

support of this proposition, the Official Action quotes from MPEP § 2114 which states “[w]hile features of a system may be recited either structurally or functionally, claims directed to a system must be distinguished from the prior art in terms of structure rather than function”. *In re Schreiber*, 128 F.3d 1473, 1477-78, 44 USPQ2d 1429, 1431-32 (Fed. Cir. 1997). With this as background, the Official Action then gave little patentable weight to the majority, if not all, of the functional recitations as indicated by the italicized portions of the claims set forth by the Official Action.

As described below, however, Applicant submits that the functional recitation should be given patentable weight in the context of determining the patentability of the claimed invention. In fact, the MPEP provides a section, § 2173.05(g), specifically directed to functional limitations which states:

“A functional limitation is an attempt to define something by what it does, rather than by what it is (e.g., as evidenced by its specific structure or specific ingredient). There is nothing inherently wrong about defining some part of an invention in functional terms. Functional language does not, in and of itself, render a claim improper. *In re Swinehart*, 439 F.2d 210, 169 U.S.P.Q. 226 (CCPA 1971). A functional limitation must be evaluated and considered, just like any other limitation of the claim, for what it fairly conveys to a person of ordinary skill in the pertinent art in the context in which it is used. A functional limitation is often used in association with an element, ingredient, or step of a process to define a particular capability of purpose that is served by the recited element, ingredient, or step.”

In contrast to this general proposition that functional limitations should be considered for purposes of patentability, functional recitations should be accorded little patentable weight in certain circumstances as noted by MPEP § 2114 and as quoted by the Official Action. In this regard, MPEP § 2114 relies upon *In re Schreiber* for the proposition that an apparatus must be distinguished from the prior art in terms of structure rather than function. In considering *In re Schreiber*, Applicant initially notes that *In re Schreiber* quotes approvingly from *In re Swinehart* which is noted in the above-quoted portion of the MPEP and which sets forth the general proposition that functional recitations are permissible and should be considered in terms of the patentability of a respective claim. In this regard, *In re Schreiber* itself states that “[a] patent

applicant is free to recite features of an apparatus either structurally or functionally.” *Id* at 1478. Defining an element functionally, however, carries with it a risk. This risk is not that the functional recitation will never be considered for purposes of patentability, but is, instead, the risk that “where the Patent Office has reason to believe that a functional limitation asserted to be critical for establishing novelty in the claimed subject matter may, in fact, be an inherent characteristic of the prior art, it possesses the authority to require the applicant to prove that the subject matter shown to be in the prior art does not possess the characteristic relied on.”

Thus, *In re Schreiber* does not stand for the proposition that functional recitations should not be considered for purposes of patentability. In stead, if the Patent Office has reason to believe that a functional recitation is, in fact, an inherent characteristic of the prior art, the Patent Office may shift the burden to the Applicant to prove that the functional recitation is not an inherent characteristic of the prior art reference. Moreover, with respect to inherency, MPEP § 2112 makes clear that the mere fact that the cited reference may include the functional recitation is insufficient to rise to the level of inherency, since the claimed recitations must be necessarily present in the cited reference and recognizable to those of ordinary skill in the art. As described below, various functional recitations of the claimed invention are not taught or suggested by the Rothman ‘984 published application and are not inherent in the Rothman ‘984 published application. Thus, not only should the functional recitation set forth by the claimed invention be considered for purposes of patentability, but it is submitted to be improper to consider those functional recitations inherent in the Rothman ‘984 published application. Thus, Applicant respectfully submits that the Official Action erred in giving little patentable weight to the italicized functional recitations and, instead, submits that the functional recitations should be given patentable weight and accordingly taken into account in determining patentability.

With reference now to the claimed invention, the server system of one advantageous embodiment of the present invention permits customers to submit orders for a product over a public access network, such as the Internet, directly to a manufacturer, while processing and accounting for the orders in such a manner as to permit the established distributor(s) and/or manufacturer representative(s) of the manufacturer who are not otherwise involved in the generation of the customer’s order to profit from the transaction, generally in much the same

manner as if the distributor had generated the order. As such, the server system of the present invention provides another marketing and sales channel for a manufacturer, while maintaining the goodwill and cooperation of established distributors and manufacturer representatives who work with the manufacturer in the more traditional marketing and sales channels.

As recited by the claimed invention, the server system and, in particular, a receiver component receives requests to order a product that include a product code identifying the product and a customer identification identifying the customer. As set forth by independent Claims 58 and 70, the receiver component receives the requests (that are submitted by a customer) on behalf of the manufacturer. The server system also includes a data storage medium for storing information regarding the products that are for sale, including the price associated with each of the products. Typically, this pricing information is provided, in total or in part, by the respective distributors such that the price for the same item may vary from distributor to distributor. In conjunction with the recitation relating to the customer price that is stored by the data storage medium, a duplicative recitation has been eliminated from Claim 70.

Although the order was placed with the manufacturer in a manner that was independent of the typical distribution chain, the server system notifies one of the established distributors for the manufacturer, such as the distributor who likely would have received the order if the order had been placed through conventional channels, and requests that the distributor provide financial authorization for the sale of the product to the customer. In this regard, many customers have customer accounts with one or more distributors which are relied upon by the server system of this embodiment to finance the purchase of a product by the customer. As such, the server system and, in particular, the receiver component not only receives requests from a customer to order a product, but also financial authorization from a distributor that verifies the customer's account. As recited by independent Claim 58, even though the distributor was not involved in the generation of the order of the product as in conventional sales activities, the server system of the claimed invention still looks to the distributor to provide financial authorization for the transaction, such as by providing the manufacturer with a purchase order number. In return, the distributor will profit from the sale of the product to the customer as described below.

Once authorized, the server system and, in particular, an order placement component places an order with the manufacturer for the product identified by the request. The server system also includes an order fulfillment component that completes the purchase of the product. As now recited by independent Claim 58, the order fulfillment component makes arrangement for shipping by the manufacturer and billing of the distributor. Thus, although the manufacturer ships the product, the distributor is billed for the product. As described by the present application and following the model of conventional sales activities, the customer or an outside payment source, such as Visa, pays the distributor such that the distributor makes a profit, as opposed to a commission, on the sale of the product based upon the difference between the payment to the distributor by the customer and the payment submitted to the distributor by the manufacturer. Thus, the server system of the claimed invention operates with the customer remaining a customer of the distributor, even though the request is received on behalf of the manufacturer and even though the product is thereafter shipped by the manufacturer.

In one advantageous embodiment set forth by independent Claim 70, the server system also compensates an agent, such as a manufacturer representative, for the sale of the product to the customer, even though the agent was not involved in the generation of the order. In this regard, the data storage medium of independent Claim 70 also includes agent information having at least one predetermined variable associated with each of the agents. In addition, the server system of Claim 70 includes a commission component that determines a commission and assigns the commission to one of the agents based on one of the predetermined variables. For example, the variables may relate to the territory covered by the respective agents such that the commission component assigns a commission to the agent who covers the territory that includes the location of the customer. As recited by independent Claim 70, the commission component compensates the agent, even though that agent was not involved in the generation of the order and even though the request was fulfilled in a manner independent of the agent. Thus, the server system does not disenfranchise the agents, such as manufacturer representatives, such that the agents will remain loyal to the manufacturer during more conventional sales activities.

The cited reference also describes a method and apparatus for the distribution and sale of a brand of product via a seller's website. In this regard, the seller of a brand of product may

maintain a website through which product availability and pricing information may be obtained and through which orders may be placed. Depending upon whether a purchase is online or offline, the purchase may be handled differently. If the product is purchased online, the purchaser is prompted to enter an address to which the product is to be shipped and the purchaser provides a payment for the product, such as by means of a credit card. The online delivery may then be completed by either the operator of the central server or one of the local distributors. *See* Paragraph 75 of the Rothman application. Alternatively, in an offline purchase, the purchaser either may pay for the product via the website, such as by means of the credit card, or may directly pay the distributor when the purchaser is picking up the product from the distributor.

In contrast to the Rothman '984 published application, the server system of independent Claim 58 includes a receiver component for receiving financial authorization from a distributor. Independent Claim 58 further defines the financial authorization to include an acknowledgment from the distributor verifying a customer account even though the request is received by the receiver component in a manner independent of the distributor. Thus, the server system of independent Claim 58 relies upon the distributor to provide financial authorization for the proposed transaction. Additionally, the server system of independent Claim 58 includes an order fulfillment component that completes a purchase of the product by making arrangements for shipping by the manufacturer and billing of the distributor. While the Rothman '984 published application contemplates shipping by the operator of the central server, such as a manufacturer, the Rothman publication does not teach or suggest a receiver component for receiving financial authorization from a distributor or an order fulfillment component for billing the distributor. In fact, in the instance in which the delivery is completed by the operator of the central server, such as the manufacturer, the purchaser pays for the product at the time that the product is ordered, such as by means of a credit card. Thus, not only does the Rothman '984 published application not teach or suggest a receiver component for receiving financial authorization from a distributor, but there is no reason to receive any type of financial authorization from a distributor since the purchaser must pay for the product in conjunction with its initial order and the distributor is not being looked to for any type of payment approval or the like. Additionally, the Rothman '984 published application does not teach or suggest an order fulfillment component

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that permits billing of the distributor. In fact, the Rothman '984 published application does not teach or suggest billing of a distributor in any scenario including that in which the manufacturer ships the product as recited by independent Claim 58.

Independent Claim 70 also describes a server system for generating order for a product which includes a commission component that determines a commission and assigns a commission to one of many agents even though the requests is fulfilled in a manner independent of the agents. The majority of the Rothman '984 published application describes embodiments in which a distributor is involved in the purchase and/or delivery of the product. However, Rothman '984 published application does describe one scenario in which an order is fulfilled independent of the distributors. In this regard, an online purchase may be made in which delivery is completed by the operator of the central server, such as the manufacturer. As such, the sale of the product may be consummated and fulfilled independent of the distributor. However, the Rothman '984 published application does not teach or suggest that any distributor would receive a commission based upon this sale and fulfillment that were completed independent of the distributor as contemplated by independent Claim 70. In fact, the Rothman '984 published application only discusses payment of the distributor in conjunction with those situations in which the distributor is involved in the actual sale and/or delivery of the product.

For each of the foregoing reasons, Applicant submits that independent Claims 58 and 70, as well as the claims that depend therefrom, are not taught or suggested by the cited reference. Thus, the rejection of Claims 58-76 under 35 U.S.C. § 102(e) as being anticipated by the Rothman '984 published application is therefore overcome.


### **CONCLUSION**

In light of the remarks submitted above, it is respectfully submitted that the present set of claims is in condition for immediate allowance. It is therefore respectfully requested that a Notice of Allowance be issued. The Examiner is encouraged to contact Applicant's undersigned attorney to resolve any remaining issues in order to expedite examination of the present application.

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It is not believed that extensions of time or fees for net addition of claims are required, beyond those that may otherwise be provided for in documents accompanying this paper. However, in the event that additional extensions of time are necessary to allow consideration of this paper, such extensions are hereby petitioned under 37 CFR § 1.136(a), and any fee required therefore (including fees for net addition of claims) is hereby authorized to be charged to Deposit Account No. 16-0605.

Respectfully submitted,



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